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SHARP

State Housing Assistance for
Rental Production

DEVELOPMENT DOCUMENTS
COLLECTION

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Commonwealth of Massachusetts
Executive Office of Communities
& Development
Massachusetts Housing Finance
Agency

SHARP Overview

SHARP is a state-funded subsidy loan program designed to stimulate the production of privately-owned rental housing in Massachusetts in which at least 25 percent of the units are available in perpetuity to lower-income households. The program was recommended by a Task Force on Private Housing Production established by Governor Michael S. Dukakis in January 1983. Legislation authorizing the program was contained in the Comprehensive Housing Act of 1983, which was approved by the state legislature and signed into law by Governor Dukakis in December of that year.

The goals of the SHARP program are to:

- stimulate maximum rental housing production with minimum subsidy;
- assist in addressing the need for low-income housing; and,
- encourage private sector participation in the provision of mixed-income housing.

How SHARP Works

Construction and permanent financing for SHARP-assisted developments is provided by the MHFA with proceeds from the sale of tax-exempt or taxable bonds. SHARP funds, provided through the Executive Office of Communities and Development (EOCD), are used to write down the effective cost of interest payments on MHFA loans to as low as five percent for a term of up to 15 years.

The amount of SHARP subsidy awarded to a development is based on the difference between the true cost of producing rental housing and the rents which can be attained in the market area. Funds are awarded as a loan, not a grant, with the expectation that SHARP-assisted developments will become self-sustaining within 15 years. At the end of that period, SHARP funds are repaid to the MHFA or are used for the continued benefit of low- and moderate-income households. The state may also exercise an option to purchase the low-income units in the event that

the development is sold or converted to homeownership units.

Because of the acute need for low-income housing in Massachusetts, at least 25 percent of the units in SHARP-assisted developments must be reserved in perpetuity for low-income households. Developers will market these units to holders of either Federal Section 8 or State Chapter 707 rental housing certificates. This enables those households to pay between 25 and 30 percent of income towards rent. If units cannot be rented to certificate holders, EOCD will provide back-up Chapter 707 assistance.

SHARP is well suited for both suburban and inner-city housing development, and is designed to complement ongoing community revitalization efforts. SHARP can also be used in combination with other resources such as private grants, federal tax credits, Community Development Block Grant funds, Urban Development Action Grants, Housing Development Grants, and state Rental Development Action Loans. This approach enables a further reduction in development costs and, in some cases, an accompanying reduction in rent levels for low- and moderate-income households. Finally, because of its flexibility, SHARP continues to be effective in the post federal tax reform environment.

Who Should Apply

Both limited-profit and nonprofit developers are eligible to submit proposals for SHARP assistance. The MHFA strongly encourages the submission of proposals which involve minority participation in the development team (owner/mortgagor, developer, architect, contractor, attorney, management agent).

How SHARP Is Awarded

SHARP funds are awarded in two ways. First, SHARP awards are made through periodic development competitions sponsored by the MHFA. Generally, these competitions are

announced in major daily newspapers and involve a 60-day application period. At the start of the application period, MHFA holds workshops to familiarize potential SHARP applicants with program guidelines. Once received, these proposals are evaluated using the selection criteria discussed further on in this brochure.

Secondly, SHARP funds are awarded through the Massachusetts Housing Partnership (MHP) to projects supported by local partnerships throughout Massachusetts. To date, 130 local partnerships have been established and are actually working to support development of affordable housing through programs such as SHARP.

All proposals, whether awarded SHARP through the MHFA competitions or the MHP, must meet the minimum requirements discussed below.

Eligible Proposals

Minimum Requirements

To be considered for SHARP funding, development proposals must first meet MHFA “threshold” and SHARP statutory requirements. These are:

MHFA Threshold Requirements.

Quality of development team.

The development team must have experience in housing development and the financial capacity to carry out the proposal.

Preliminary site review.

The developer must demonstrate control of the site and the site must be suited for the proposed development.

Marketability of units.

There must be a demonstrated need for the housing in the area where it is to be located.

Affirmative Action.

The developer must demonstrate a commitment to affirmative action for the life of the MHFA mortgage—from the development phase through the occupancy and operation of the housing.

SHARP Statutory Requirements

Fifteen-year term.

The proposal must demonstrate that the housing can sustain itself without SHARP subsidy after fifteen years.

Maximum per unit subsidy.

The amount of SHARP subsidy requested "shall not exceed in any one year, on a per-unit basis, the difference between the amount determined by the Executive Office of Communities & Development to be necessary to pay debt service on a typical newly-constructed rental housing project at prevailing interest rates on bonds whose interest is exempt from federal or state taxation, and the amount necessary to pay such debt service at an interest rate of five percent per annum."

Minimum amount necessary to ensure feasibility and 25 percent occupancy by low-income households.

The SHARP subsidy shall be "the minimum amount necessary to make the proposal feasible, and to ensure that 25 percent of the units are available to low-income households."

Bedroom Composition.

In view of the substantial need for rental housing for families, no more than 20% of the units in a SHARP development can be one-bedroom units and at least 10% of the units must have three or more bedrooms.

Location.

Proposals must involve housing which is located in a housing development area (a blighted, decadent, substandard area) or is designed for low- and moderate-income households.

Undue concentration.

Proposals must not contribute to an undue concentration of low-income households in any one neighborhood.

Repayment.

Proposals must include a plan for the repayment of SHARP funds after 15 years or show that funds will continue to benefit low- and moderate-income households in perpetuity.

Selection Criteria for MHFA SHARP Competitions

If minimum requirements are met, SHARP proposals will be scored using SHARP selection criteria. These criteria are summarized in the following categories:

Development Quality Goals.

This includes a review of the proposed design of the housing, the quality of the development team, the proposed site, and the marketability of the units.

Overall Impact Goals.

This includes a review of the impact of the housing on the community and its development goals, how the proposal meets area housing needs, plans for affirmative action, and readiness to start construction.

Affordability—Value Goal.

The purpose of this goal is to assign points based upon the most cost-effective provision of affordable housing, especially for larger families. Points are assigned based on a formula which considers the number and bedroom composition of affordable units, as well as the cost of these units to the Commonwealth both initially and long-term.

After proposals are scored and ranked, the MHFA will select the highest ranked proposals to receive awards of SHARP funds. Ranking by scores alone, however, is subject to a reasonable geographic distribution of the proposals to be funded, and the inclusion of proposals which complement local redevelopment efforts.

MHFA Financing Process

After SHARP awards are made, development proposals go through the MHFA's financing process. This process involves the following steps:

Official Action Status.

Official Action Status is granted to proposals which meet MHFA "threshold requirements." Although this may be granted prior to the awarding of SHARP funds, it does not give a proposal priority for SHARP funding.

Mortgage Application.

Once awards of SHARP funds are made, the MHFA invites developers to submit formal mortgage applications. At this point the MHFA will conduct an in-depth underwriting review.

Commitment.

If a proposal passes the MHFA's underwriting review, it is recommended to the MHFA Board for a loan commitment. Commitments remain in effect for 90 days, but may be extended by a vote of the MHFA Board.

Loan Closing/Funding.

The MHFA raises funds for construction and permanent financing through the sale of tax-exempt or taxable bonds. These funds are advanced to developers once any conditions of a commitment and all loan closing requirements are met. Closings or construction starts are expected to occur within nine months of the SHARP award.

Additional Information

Interested developers can obtain detailed SHARP program guidelines, information on fees, and the availability of SHARP funding by contacting MHFA, 50 Milk Street, Boston, MA 02109, Tel. (617) 451-3480.

Commonwealth of Massachusetts
Michael S. Dukakis, *Governor*

Executive Office of Communities
and Development

Amy S. Anthony, *Secretary*

Massachusetts Housing Finance Agency
Bernard Singer, *Chairman*

Marvin Siflinger, *Executive Director*

Massachusetts Housing Finance Agency
50 Milk Street
Boston, MA 02109
(617) 451-3480



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MHFA — Supporting The Massachusetts Housing Partnership

SHARP Impact

State Housing Assistance for Rental Production

Total developments: 73

(as of March 1, 1988)

Total units: 8,494**Total MHFA Financing:** \$665 million**Total SHARP:** \$25 million**No. communities:** 36

Units in Metro Boston: 63%

(within Rt. 495)

Units outside Metro Boston: 37%

Development Teams:

Community-based, nonprofit sponsors: 31%

Limited-profit sponsors: 69%

Teams involving minority/female participation: 58%

Construction Type:

Units involving new construction: 41%

Units involving substantial rehab or rehab/new construction: 59%

Economic Impact:**

Projected jobs and revenues generated during construction and 30 years of operation.

Construction Jobs: 6,559

Private sector revenue: \$956.9 million

Public sector revenue: \$188.3 million

** Based on MHFA Study

SHARP-Assisted Developments

Location/Name	Units	Developer
Amherst		
Mill Valley Estates	164	Winn Dev. Co.
Andover		
Brookside Estates	168	Winn Dev. Co.
Attleboro		
Hebronville Mill	82	E. Brice/W. Berg/ J. Keith
Beverly		
Centerville Woods	73	G. Goucherg
The Millery	98	G. Doherty/ T. Grossman
Boston		
Anchorage Apartments	112	M. Barkan/ Immobiliare
Boston Housing Partnership		
Codman Square	80	Codman Square HDC/T. Welch
Dixwell III/Infill	52	Urban Edge/ GBCD
Fields Corner	76	Fields Corner CDC/GBCD
Frawley-Delle	74	Mission Hill NHS/GBCD
Hano Street	20	Allston-Brighton CDC/R. Engler
Lena Park	93	Lena Park CDC/GBCD
Quincy-Geneva	101	Quincy Geneva CDC/GBCD
Washington Park	96	NRC Dev. Corp./ E. Brice
Brooks School	57	Quincy Geneva CDC/Min. Dev. & Ed. Assoc./GBCD
Cass House	111	J. Cruz
Chapman House	30	G. Boro
Douglass Plaza	122	BIDC/L. Smith/R. Taylor
Harbor Point*	1,283	CMJ Inc./Keene Dev./Cruz Columbia Inc./ Columbia Pt. Comm. Task Force Inc.
Kilmarnock Street Apartments*	55	GBCD/Fenway CDC
Langham Court	55	GBCD/Four Corners Dev.
Latin Academy	58	R. Walsh

Location/Name	Units	Developer
Leighton Park* (Tent City)	270	GBCD/Tent City Corp.
706 Huntington Avenue	37	Stockard and Engler
Sumner Hill House	75	R. Kuehn
TDC III	59	GBCD/TDC
The Bulfinch*	15	E. Blackman
The Lithgow	31	Codman Square HDC
Van Ness Terrace*	50	Simsbury Group
Waterford Place	40	CCBA
Burlington		
Woodwinds	202	BIDC
Cambridge		
Chapman Arms	50	R. Kuehn
Church Corner	85	Winn Dev. Co.
Canton		
Blue Hills Village	98	J. Keith/E. Kelly
Chelsea		
Anchor's Weigh	87	Peabody Cons.
Clinton		
Oxford House	108	Claremont Co.
Fall River		
Highland Apartments	118	Claremont Co.
River's Edge	99	State St.Dev. Co.
Gardner		
Heywood-Wakefield Village	173	E. Brice/W. Berg
Wakefield Place*	177	W. Berg
Greenfield		
Mill House	103	State St. Dev. Co.
Holbrook		
Ramblewood	138	CMJ, Inc.
Holyoke		
South Holyoke Housing	48	GBCD/Self-Help/HAP
Hudson		
Littlebrook*	96	State St. Dev. Co.
Lawrence		
Heritage Common	140	GBCD/Immigrant City
Museum Square	176	BIDC
Leominster		
Whitney Carriage	181	W. Berg
Lexington		
Franklin School	38	GBCD
Lowell		
Massachusetts Mill I	160	J. Mullins
Lynn		
Cobbett Hill School*	117	J. Siegel

Location/Name	Units	Developer
Malden		
Malden Gardens	141	Carabetta
Pleasant Plaza	125	Carabetta
Mansfield		
Mansfield Depot	150	J. Keith
Mansfield Depot II	95	J. Keith
Marshfield		
Mariners Hill	90	State St. Dev. Co.
New Bedford		
Regency Towers	119	Claremont Co.
Touraine Hotel*	26	PACE
Verdean Gardens	110	J. Cruz
Northampton		
Hampton Court	78	E. Brice
Norwood		
Olde Derby Village	139	F. Simon
Randolph		
Bittersweet Lane	35	MB Associates
Raynham		
Riverview Meadows	91	D. King
South Hadley		
Riverboat Village	170	A. Ravosa/ S. Rosenthal
Springfield		
Belle Street Apartments	47	Brightwood Dev. Corp.
Indian Motorcycle*	139	Rubin/Rahn/ GBCD/Upper State Street Dev. Co.
Summit Hill	127	E. Brice
Stoughton		
North Stoughton Village	98	J. Keith
Taunton		
Taunton Woods	120	Lisco/ Round Hill
Wellesley		
Ardmore at Wellesley	36	J. Murphy/ A. Auburn
Woburn		
Kimball Court	180	J. Mullins
Worcester		
Aurora Hotel*	85	GBCD
The Royal Worcester	155	State St. Dev. Co.
Plantation Tower	107	A. Lane/M. Rabbit

*Awarded portion or all SHARP through
Massachusetts Housing Partnership